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LOCAL AUDIT

# *Township of Metamora*

**Lapeer County, Michigan**

Audited Financial Report  
March 31, 2004

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

**Township of Metamora**  
For Year Ended March 31, 2004

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# AUDITING PROCEDURES REPORT

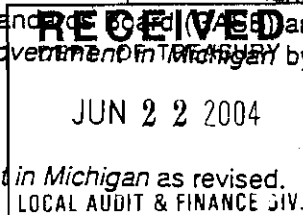
Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Name (Specify) <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other Metamora Township			County Lapeer
Audit Date March 31, 2004	Opinion Date May 21, 2004	Date Accountant Report Submitted to State: May 21, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Lehn L. King			
Street Address 3078 S. Main Street	City Marlette	State MI	ZIP 48453
Accountant Signature 			

**LEHN L. KING**

CERTIFIED PUBLIC ACCOUNTANT

3078 S. MAIN STREET  
MARLETTE, MICHIGAN 48453

Phone 989-635-3113

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Members of the Township Board

**Metamora Township**

Lapeer County, Michigan

**Independent Auditor's Report**

I have examined the General Purpose Financial Statements of Metamora Township as of March 31, 2004, and for the year then ended, as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the General Purpose Financial Statement referred to above present fairly, in all material respects, the financial position of Metamora Township, at March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The accompanying financial information listed as supporting schedules in the Table of Contents is presented for purposes of additional analysis and is not required part of the General Purpose Financial Statements of Metamora Township. The information has been subjected to the auditing procedures applied in the examination of the General Purpose Financial Statements, in my opinion, is fairly stated in all material respects in relation to the General Purpose Financial Statements taken as a whole.

*Lehn King*

Lehn L. King, C.P.A.  
Certified Public Accountant

May 21, 2004

**Combined Statements -  
Overview**  
(General Purpose Financial Statements)

# Township of Metamora

## Combined Balance Sheet - All Fund Types & Account Groups

### March 31, 2004

	Governmental Fund Types			Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Fiduciary Fund Types	General Fixed Assets	Long-Term Debt		
<b>Assets</b>							
Cash & Certificates of Deposit	\$ 616,849	\$ 31,753	\$ 859,263	\$ 0	\$ 0	\$ 1,507,865	
Taxes & Other Receivable	88,229	0	0	0	0	88,229	
Special Assessments Receivable	0	0	0	0	0	0	
Prepaid Insurance	7,973	0	0	0	0	7,973	
Due From Other Funds	861,953	0	0	0	0	861,953	
Land	0	0	0	576,050	0	576,050	
Building	0	0	0	430,355	0	430,355	
Equipment	0	0	0	1,415,845	0	1,415,845	
Amount to be Provided for Retirement of General L/T Debt	0	0	0	0	996,992	996,992	
<b>Total Assets</b>	<b>\$ 1,575,004</b>	<b>\$ 31,753</b>	<b>\$ 859,263</b>	<b>\$ 2,422,250</b>	<b>\$ 996,992</b>	<b>\$ 5,885,262</b>	
<b>Liabilities &amp; Fund Equity</b>							
<b>Liabilities</b>							
Accounts Payable	\$ 20,512	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,512	
Payroll Taxes Payable	0	0	0	0	0	0	
Accrued Wages	8,512	0	0	0	0	8,512	
Deferred Revenue	24,888	0	0	0	0	24,888	
Due To Other Funds	0	2,692	859,261	0	0	861,953	
Due To Other Units of Gov't and Taxpayers	0	14,054	2	0	0	14,056	
Land Contract Payable	0	0	0	0	396,992	396,992	
Installment Loan Payable	0	0	0	0	200,000	200,000	
Bond Payable	0	0	0	0	400,000	400,000	
<b>Total Liabilities</b>	<b>53,912</b>	<b>16,746</b>	<b>859,263</b>	<b>0</b>	<b>996,992</b>	<b>1,926,913</b>	
<b>Fund Equity</b>							
Investment in General Fixed Assets	0	0	0	2,422,250	0	2,422,250	
Fund Balance - Reserved for Fire	279,455	0	0	0	0	279,455	
- Reserved for Police	494,377	0	0	0	0	494,377	
- Unreserved: Undesignated	747,260	15,007	0	0	0	762,267	
<b>Total Fund Balance</b>	<b>1,521,092</b>	<b>15,007</b>	<b>0</b>	<b>2,422,250</b>	<b>0</b>	<b>3,958,349</b>	
<b>Total Liabilities &amp; Fund Equity</b>	<b>\$ 1,575,004</b>	<b>\$ 31,753</b>	<b>\$ 859,263</b>	<b>\$ 2,422,250</b>	<b>\$ 996,992</b>	<b>\$ 5,885,262</b>	

The notes are an integral part of the statements.

**Township of Metamora**  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balances - Actual  
 All Governmental Fund Types  
 For Year Ended March 31, 2004

	<u>General Fund</u>		<u>Totals</u>
	<u>General</u>	<u>Special</u>	<u>(Memorandum</u>
<u>Revenues</u>	<u>Fund</u>	<u>Revenue</u>	<u>Only)</u>
		<u>Funds</u>	
Property Taxes	\$ 950,443	\$ 0	\$ 950,443
Special Assessments	777	0	777
Licenses & Permits	72,985	57,410	130,395
State Revenue Sharing	264,880	0	264,880
Charges for Services	8,541	0	8,541
Fines & Forfeitures	23,604	0	23,604
Interest	17,331	232	17,563
Loan Proceeds	200,000	0	200,000
Sale of Fixed Assets	35,000	0	35,000
Miscellaneous Revenues	62,035	10,270	72,305
<b><u>Total Revenues</u></b>	<b><u>1,635,596</u></b>	<b><u>67,912</u></b>	<b><u>1,703,508</u></b>
<b><u>Expenditures</u></b>			
Legislative	118,575	0	118,575
General Government	367,007	0	367,007
Public Safety	967,345	0	967,345
Protective Inspection	0	61,136	61,136
Public Works	107,142	0	107,142
<b><u>Total Expenditures</u></b>	<b><u>1,560,069</u></b>	<b><u>61,136</u></b>	<b><u>1,621,205</u></b>
<b><u>Excess of Revenues Over</u></b>			
<b><u>(Under) Expenditures</u></b>	<b><u>75,527</u></b>	<b><u>6,776</u></b>	<b><u>82,303</u></b>
<b><u>Fund Balances - April 1, 2003</u></b>	<b><u>1,445,565</u></b>	<b><u>8,231</u></b>	<b><u>1,453,796</u></b>
<b><u>Fund Balances - March 31, 2004</u></b>	<b><u>\$ 1,521,092</u></b>	<b><u>\$ 15,007</u></b>	<b><u>\$ 1,536,099</u></b>

The notes are an integral part of the statements.

# Township of Metamora

Combined Statement of Revenues, Expenditures,  
And Changes in Fund Balance  
Actual Compared to Budget - All Governmental Fund Types  
For Year Ended March 31, 2004

	Governmental Fund Types				Totals (Memorandum Only)			
	General Fund		Special Revenue Funds		Amended Budget		Actual	
Revenues	Amended Budget	Over (Under) Budget	Amended Budget	Over (Under) Budget	Amended Budget	Over (Under) Budget	Actual	Over (Under) Budget
Property Taxes	\$ 921,342	\$ 29,101	\$ 0	\$ 0	\$ 921,342	\$ 29,101	\$ 950,443	\$ 29,101
Special Assessments	9,550	(8,773)	0	0	9,550	(8,773)	777	(8,773)
Licenses & Permits	77,100	(4,115)	59,800	(2,390)	136,900	(6,505)	130,395	(6,505)
State Revenue Sharing	275,000	(10,120)	0	0	275,000	(10,120)	264,880	(10,120)
Charges for Services	5,573	2,968	0	0	5,573	2,968	8,541	2,968
Fines & Forfeits	12,132	11,472	0	0	12,132	11,472	23,604	11,472
Interest	11,641	5,690	800	(568)	12,441	5,122	17,563	5,122
Loan Proceeds	375,993	(175,993)	0	0	375,993	(175,993)	200,000	(175,993)
Sale of Fixed Assets	0	35,000	0	0	0	35,000	35,000	35,000
Miscellaneous	129,316	(67,281)	13,400	(3,130)	142,716	(70,411)	72,305	(70,411)
<b>Total Revenues</b>	<b>\$ 1,817,647</b>	<b>\$ (182,051)</b>	<b>\$ 74,000</b>	<b>\$ (6,088)</b>	<b>\$ 1,891,647</b>	<b>\$ (188,139)</b>	<b>\$ 1,703,508</b>	<b>\$ (188,139)</b>
Expenditures	Amended Budget	Over (Under) Budget	Amended Budget	Over (Under) Budget	Amended Budget	Over (Under) Budget	Actual	Over (Under) Budget
Legislative	117,010	(1,565)	0	0	117,010	(1,565)	118,575	(1,565)
General Government	403,735	36,728	0	0	403,735	36,728	367,007	36,728
Public Safety	1,172,955	205,610	0	0	1,172,955	205,610	967,345	205,610
Protective Inspection	0	0	0	0	0	0	61,136	12,864
Public Works	71,650	(35,492)	74,000	0	71,650	(35,492)	107,142	(35,492)
<b>Total Expenditures</b>	<b>1,765,350</b>	<b>205,281</b>	<b>74,000</b>	<b>12,864</b>	<b>1,722,340</b>	<b>219,710</b>	<b>1,502,630</b>	<b>219,710</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>52,297</b>	<b>23,230</b>	<b>0</b>	<b>6,776</b>	<b>52,297</b>	<b>30,006</b>	<b>82,303</b>	<b>30,006</b>
<b>Fund Balances - April 1, 2003</b>	<b>0</b>	<b>1,445,565</b>	<b>0</b>	<b>8,231</b>	<b>0</b>	<b>1,453,796</b>	<b>1,453,796</b>	<b>1,453,796</b>
<b>Fund Balances - March 31, 2004</b>	<b>\$ 52,297</b>	<b>\$ 1,521,092</b>	<b>\$ 0</b>	<b>\$ 15,007</b>	<b>\$ 52,297</b>	<b>\$ 1,483,802</b>	<b>\$ 1,536,099</b>	<b>\$ 1,483,802</b>



**Township of Metamora**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

The accounting methods and procedures adopted by the Township of Metamora, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's Comprehensive Annual Financial Report.

**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Township of Metamora was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Metamora (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

**Component Units** - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

**Basis of Presentation - Fund Accounting** The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The Township has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

The funds are grouped into fund types and generic funds as described below:

**Governmental Fund Types** - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

**General Fund:** This fund is established to account for resources devoted to financing the general services that the Township performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the Township are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

**Special Revenue Funds:** The Special Revenue Funds are used to account for the proceeds of specific revenue resources (other than assessments or expendable trusts) that are legally restricted to expenditures for specified purposes. The Building Department Fund is used to account for the revenues and expenditures under the provisions of the State Construction Code Act. Revenues are derived primarily from permits issued for plumbing, electrical, mechanical, and building construction.

**Fiduciary Fund Types** - These funds account for assets held by the Township as a trustee or agent for individuals, private organization, and other units of governments. These funds are as follows:

**Trust and Agency Funds:** These funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, other governments and/or other funds.

**The Current Tax Collection Fund and Agency Fund:** These are used to account for assets held as an agent or in trust for others.

**Account Groups** - In addition to the broad types of governmental funds, the Township also maintains two account groups as described below:

**General Fixed Assets Account Group:** This is not a fund but rather an account group that is used to account for

**Township of Metamora**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

general fixed assets acquired principally for general purposes.

**General Long-Term Debt Account Group:** This account group is established to account for the Township's long-term debt that will be financed from general governmental resources.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The General Fund and Special Revenue Fund use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Agency Funds also use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

**Fixed Assets and Long-Term Liabilities** - Fixed assets used in government; fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in government funds. No depreciation has been provided on the general fixed assets. These assets are recorded as expenditures at the time of the purchase in the governmental fund types.

All fixed assets are valued at historical cost.

The Township does not capitalize public domain (infrastructure) fixed assets; i.e., roads, bridges, sidewalks, or similar assets that are immovable and of value only to the township.

Long-term liabilities expected to be financed from government funds are accounted for in the General Long-Term Debt Account Group, not in the government funds.

**Budgets and Budgetary Accounting** - The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior April 1, the budget is legally enacted.
4. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Budgetary control is exercised on a line-item level.
5. Budget amounts are as originally adopted, or as amended by the Township Board. Individual amendments were not material in relation to the original appropriations which were amended. The budget columns presented in the financial statements represent the final approved budget as adjusted by the Township Board.

**Township of Metamora**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

**Cash** - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

**Due to and Due from Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**Other Assets** - Other assets held are recorded and accounted for at cost.

**Fund Equity** - The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. They have no Proprietary Funds.

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, and Other Compensated Absences** - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

**Total Columns** - The Combined Financial Statements include total columns that are described as memorandum only. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Interfund transactions have not been eliminated from the total column of each financial statement.

## **2. Cash and Equivalents – Credit Risk**

Cash deposits and cash investments are carried at cost. Deposits of the Township are at three banks in the name of the Township Treasurer.

The book value of the Township's deposits on March 31, 2004, consisting of interest-bearing checking and governmental cash investment accounts, was \$1,507,865. Of the bank balances, \$365,933 was covered by Federal Depository Insurance and \$1,141,932 was uninsured.

Deposits are categorized into these three categories of credit risk.

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
3. Uncollateralized.

	Category			Carrying Value
	1	2	3	
Cash and Equivalents	\$ 365,933	\$ 0	\$ 1,141,932	\$ 1,507,865

**Township of Metamora**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

**3. Deferred Compensation Plan**

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years, up to a maximum of the lesser of \$10,000 or 25% of their compensation annually. The deferred compensation is not available to the employees until retirement, death, or unforeseeable emergency. There are no employer contributions required by the plan. During 1997, the law was changed to allow trusts to be created for the plan assets, thereby, insulating the assets from the unit of government's general creditors. As a result, the plan assets are not reported in the Township's financial statements to properly reflect that the Township does not have any fiduciary or administrative responsibility for the plan.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

It is the opinion of the Township that the Township has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor.

**4. Long-Term Debt**

The following is a summary of the debt outstanding of the Township as of March 31, 2004:

**Land Contract Payable – Individual**

On June 16, 2000 the Township entered into a land contract in the amount of \$539,500 for the purchase of approximately 20 acres of property adjoining existing Township property. The land contract bears interest at the rate of 5.85% per annum until March 5, 2002, when it was refinanced to 3.95% per annum. It is due in ten annual installments beginning June 16, 2001.

**Bond Payable – Lapeer County Road Commission**

On February 11, 2002, the Township entered into a Bond issue in the amount of \$500,000 for the purpose of applying 100 tons of gravel on local roads. The Note bears interest at a variable rate of 7.00% - 4.15% and is due in semi-annual payments starting August 1, 2002 and matures August 1, 2011.

**Installment Loan – Lapeer County Bank & Trust**

On June 2, 2003, the Township borrowed \$200,000 from Lapeer County Bank & Trust for a D205 Midship Tanker Typhoon Chassis Fire Truck. The note bears interest at the rate of 3.10% per annum and is due in seven annual installments of \$32,226 beginning April 1, 2004.

The general long-term debt of the Township and the changes therein, are summarized as follows:

<b>Primary Government</b>	<b>Balance April 1, 2003</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Balance March 31, 2004</b>
<u>Land Contract Payable</u>	\$ 451,922	\$ 0	\$ (54,930)	\$ 396,992
<u>Bond Payable</u>	450,000	0	(50,000)	400,000
<u>Installment Loan Payable</u>	0	200,000	0	200,000
<u>Totals</u>	<u>\$ 901,922</u>	<u>\$ 200,000</u>	<u>\$ (104,930)</u>	<u>\$ 996,992</u>

**Township of Metamora**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

Summary of Debt Obligations for the next five years ending March 31:

<b>Payable In Fiscal Year Ended March 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2005	\$ 133,126	\$ 38,506	\$ 171,632
2006	136,187	33,194	169,381
2007	139,365	27,767	167,132
2008	142,660	22,222	164,882
2009	146,076	16,644	162,720
After 2010	299,578	17,254	316,832
Balance at March 31, 2004	<u>\$ 996,992</u>	<u>\$ 155,587</u>	<u>\$ 1,152,579</u>

### 5. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and must be paid by the following February 14.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenues are recorded when it becomes measurable and available. Property taxes are recorded as revenue in the fiscal year beginning immediately subsequent to the tax levy date of December 1<sup>st</sup>.

The Township levied the following taxes:

Township Operating	1.4239	
Police Protection	1.4516	
Police Extra Protection	0.7173	
Fire Protection	0.9739	Mills

### 6. Due To/From Other Funds

As of March 31, 2004, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<b>Due From Other Funds</b>		<b>Due To Other Funds</b>
General Fund	\$ 2,692	Building Fund	\$ 2,692
General Fund	<u>859,261</u>	Tax Collection Fund	<u>859,261</u>
Total	<u>\$ 861,953</u>	Total	<u>\$ 861,953</u>

### 7. Property, Plant, and Equipment

Activity for general fixed assets that are capitalized by the Township is summarized below:

**Township of Metamora**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

	Balance April 1, 2003	Addition	Deduction	Balance March 31, 2004
Land	\$ 576,050	\$ 0	\$ 0	\$ 576,050
Buildings	430,355	0	0	430,355
Equipment	1,197,148	363,697	145,000	1,415,845
	<u>\$ 2,203,553</u>	<u>\$ 363,697</u>	<u>\$ 145,000</u>	<u>\$ 2,422,250</u>

**8. Excess of Expenditures over Appropriations in Budgetary Funds**

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budget for the General and Building Funds were adopted on a line-item level. Budgets for these funds are shown in the supplemental schedules to this statement.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
<b>General Fund</b>			
Township Board - Insurance - W/Comp.	\$ 96,000	\$ 98,120	\$ 2,120
Supervisor - Wages, FICA, & Pension	31,870	31,926	56
Clerk - Office Help	12,000	12,334	334
Clerk - Deputy Clerk	19,400	20,122	722
Township Hall - Garbage & Recycling	5,500	6,232	732
Township Hall - Miscellaneous	11,477	13,075	1,598
Police - Narcotics	3,250	5,485	2,235
Fire - Pension	2,700	9,822	7,122
Zoning - Wages, FICA, & Pension	7,500	7,780	280
Planning - Printing & Publishing	5,750	6,789	1,039
Planner - Wages, FICA, & Pension	9,000	9,075	75
Planner - Meetings	19,150	19,821	671
<b>Building Fund</b>			
Building Insp: Mileage	\$ 300	\$ 337	37
Electrical Insp: Memberships & Dues	50	185	135

**9. Rentals Under Operating Lease**

The Township is a lessor of a parcel of land on which cellular telephone radio communications system was constructed, under a non-cancelable operating lease, which expires October 2004. The lease provides for annual rent in the amount of \$12,000. The lease has five renewal options, of which each cover a five-year period with escalating rentals.

The Township entered into separate non-cancelable operating leases with second, third, and fourth parties on the same parcel of land described above. The leases provide for an annual rent as stated below. The lease agreements have five renewal options, of which each covers a five-year period with escalating rentals.

The expiration dates and annual rent are as follows:

**Township of Metamora**  
Notes To Financial Statements  
For The Year Ended March 31, 2004

Second Lease -	February 2006	\$ 9,600
Third Lease -	March 2006	\$12,000
Fourth Lease -	April 2007	\$ 9,600

Future minimum rents receivable under these non-cancelable leases are as follows:

Fiscal Year Ending	
2004	\$43,200
2005	31,200
2006	31,200
2007	9,600

**10. Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

**11. Contingent Liability**

The Township is involved in various legal actions arising in the normal course of business. In the opinion of the Township Board, such matters will not have a material effect upon the financial position of the Township.

**12. Stewardship, Compliance, and Accountability**

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The above restrictions do not apply to the Township's Employees' 457 Deferred Compensation Fund.

The deposits of the Township are in accordance with statutory authority.

**13. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

None

## **Supporting Schedules**



# Township of Metamora

Combining Balance Sheet

All Fiduciary Funds

March 31, 2004

	Current Tax Collection	Agency	Totals March 31, 2004
<b><u>Assets</u></b>			
Cash - Savings & Certificates	\$ 859,261	\$ 2	\$ 859,263
<b><u>Total Assets</u></b>	<b><u>\$ 859,261</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 859,263</u></b>
<b><u>Liabilities</u></b>			
Due To - General Fund	\$ 859,261	\$ 0	\$ 859,261
Due To - Other Gov't Agencies	0	2	2
<b><u>Total Liabilities</u></b>	<b><u>\$ 859,261</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 859,261</u></b>

**Township of Metamora**  
Statement of Revenues, Expenditures  
And Changes in Fund Balance  
Actual Compared to Budget - General Fund  
For Year Ended March 31, 2004

	General Fund		
	Amended Budget	Actual	Over (Under) Budget
<b><u>Revenues</u></b>			
<b>General Government</b>			
Property Taxes	\$ 324,900	\$ 325,820	\$ 920
Special Assessments	9,550	777	(8,773)
State Shared Revenue	275,000	264,880	(10,120)
Licenses, Fees & Permits	24,500	20,033	(4,467)
Leases & Franchise Fees	52,600	52,952	352
Interest Earned	11,000	14,999	3,999
Reimbursements	2,000	11,305	9,305
Miscellaneous	4,500	1,085	(3,415)
<b>Total General Government</b>	<b>704,050</b>	<b>691,851</b>	<b>(12,199)</b>
<b>Police Protection</b>			
Property Taxes	411,612	431,064	19,452
Fines & Forfeitures	12,132	23,604	11,472
Interest Earned	393	552	159
Miscellaneous	67,085	12,190	(54,895)
<b>Total Police Protection</b>	<b>491,222</b>	<b>467,410</b>	<b>(23,812)</b>
<b>Fire Prevention</b>			
Property Taxes	184,830	193,559	8,729
Charges for Services	5,573	8,541	2,968
Interest Earned	248	1,780	1,532
Loan Proceeds	375,993	200,000	(175,993)
Sale of Fixed Assets	0	35,000	35,000
Miscellaneous	55,731	37,455	(18,276)
<b>Total Fire Prevention</b>	<b>622,375</b>	<b>476,335</b>	<b>(146,040)</b>
<b><u>Total Revenues</u></b>	<b><u>\$ 1,817,647</u></b>	<b><u>\$ 1,635,596</u></b>	<b><u>\$ (182,051)</u></b>

**Township of Metamora**  
Statement of Revenues, Expenditures  
And Changes in Fund Balance  
Actual Compared To Budget - General Fund  
For Year Ended March 31, 2004

	General Fund		
	Amended Budget	Actual	Over (Under) Budget
<b><u>Expenditures</u></b>			
<b><u>Legislative</u></b>			
Township Board			
Wages, FICA, & Pension	7,920	7,836	84
Postage	4,890	4,890	0
Conferences & Workshops	650	631	19
Meetings	1,500	1,120	380
Insurance & Workmen's Comp.	96,000	98,120	(2,120)
Printing & Publishing	1,850	1,826	24
Memberships & Dues	4,200	4,152	48
Total Township Board	117,010	118,575	(1,565)
<b><u>General Government</u></b>			
Supervisor			
Wages, FICA, & Pension	31,870	31,926	(56)
Conferences & Workshops	800	550	250
Meetings	1,200	1,085	115
Miscellaneous	350	50	300
Total Supervisor	34,220	33,611	609
Elections			
Wages, FICA, & Pension	120	0	120
Supplies	3,500	405	3,095
Printing	800	0	800
Miscellaneous	500	0	500
Total Elections	4,920	405	4,515
Professional services	38,500	30,543	7,957
Assessor			
Wages, FICA, & Pension	34,650	33,885	765
Operating Supplies	2,300	2,077	223
Conferences & Workshops	150	0	150
Telephone	200	0	200
Memberships & Dues	100	75	25
Miscellaneous	500	0	500
Total Assessor	37,900	36,037	1,863
Clerk			
Wages, FICA, & Pension	40,938	40,390	548
Office Help	12,000	12,334	(334)
Deputy Clerk	19,400	20,122	(722)
Office Supplies	1,600	0	1,600
Mileage	300	209	91
Meetings	1,000	850	150
Conferences & Workshops	1,700	1,606	94
Total Clerk	76,938	75,511	1,427
Board of Review			
Wages, FICA, & Pension	1,650	1,054	596
Conference & Workshops	150	75	75
Printing & Publishing	250	88	162
Total Board of Review	2,050	1,217	833

**Township of Metamora**  
Statement of Revenues, Expenditures  
And Changes in Fund Balance  
Actual Compared To Budget - General Fund  
For Year Ended March 31, 2004

<b>General Fund</b>			
	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>Treasurer</b>			
Wages, FICA, & Pension	34,235	33,945	290
Deputy Treasurer	10,500	9,031	1,469
Office Supplies	1,500	1,057	443
Mileage	310	306	4
Meetings	1,000	840	160
Conferences & Workshops	1,550	1,541	9
Miscellaneous	1,275	80	1,195
<b>Total Treasurer</b>	<b>50,370</b>	<b>46,800</b>	<b>3,570</b>
<b>Township Hall</b>			
Supplies	13,000	12,014	986
Garbage & Recycling	5,500	6,232	(732)
Repairs & Maintenance	14,650	10,522	4,128
Telephone	4,000	3,932	68
Township Property	15,000	7,061	7,939
Printing & Publishing	2,000	0	2,000
Electric	11,000	9,281	1,719
Heat	5,500	4,611	889
Township Land Purchase - Principal	54,994	54,975	19
Township Land Purchase - Interest	17,806	17,806	0
<b>Total Township Hall</b>	<b>143,450</b>	<b>126,434</b>	<b>17,016</b>
<b>Cemetery</b>			
Wages, FICA, & Pension	2,860	2,857	3
Miscellaneous Operating	1,050	517	533
<b>Total Cemetery</b>	<b>3,910</b>	<b>3,374</b>	<b>536</b>
<b>Miscellaneous Township</b>	<b>11,477</b>	<b>13,075</b>	<b>(1,598)</b>
<b>Total General Government</b>	<b>403,735</b>	<b>367,007</b>	<b>36,728</b>
<b>Public Safety</b>			
<b>Police Protection</b>			
Wages & FICA	271,517	264,550	6,967
Narcotics	3,250	5,485	(2,235)
Insurance	64,700	56,029	8,671
Office Supplies	4,150	3,133	1,017
Automobile	4,500	3,839	661
Fuel	8,500	7,567	933
Repairs & Maintenance	500	184	316
Memberships & Dues	300	150	150
Training	3,000	2,714	286
Telephone	3,300	2,594	706
Pension	46,350	44,652	1,698
Equipment	33,000	28,748	4,252
Miscellaneous	71,618	10,407	61,211
<b>Total Police Protection</b>	<b>514,685</b>	<b>430,052</b>	<b>84,633</b>
<b>Fire Prevention</b>			
Wages & FICA	95,280	86,639	8,641
Fire Meetings	4,000	2,590	1,410
Office Supplies	5,565	3,756	1,809
Telephone	2,600	1,476	1,124
Pension	2,700	9,822	(7,122)
Fuel	3,000	1,821	1,179

**Township of Metamora**  
Statement of Revenues, Expenditures  
And Changes in Fund Balance  
Actual Compared To Budget - General Fund  
For Year Ended March 31, 2004

	<b>General Fund</b>		
	<b>Amended Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Repairs & Maintenance	23,374	10,356	13,018
Memberships & Dues	1,500	1,115	385
Education, Physicals, & Training	26,400	9,927	16,473
Operating Supplies	24,000	22,993	1,007
Capital Outlay	402,626	329,759	72,867
Miscellaneous	2,175	404	1,771
<b>Total Fire Protection</b>	<b>593,220</b>	<b>480,658</b>	<b>112,562</b>
<b>Planning &amp; Zoning</b>			
Zoning Department			
Wages, FICA, & Pension	7,500	7,780	(280)
Miscellaneous	150	18	132
Planning Commission			
Wages, FICA, & Pension	7,500	6,656	844
Printing & Publishing	5,750	6,789	(1,039)
Miscellaneous	1,150	550	600
Planner			
Wages, FICA, & Pension	9,000	9,075	(75)
SSOE Engineering	8,000	0	8,000
Meetings	19,150	19,821	(671)
Zoning Board of Appeals			
Wages, FICA, & Pension	3,300	2,794	506
Miscellaneous	700	680	20
<b>Total Planning &amp; Zoning</b>	<b>62,200</b>	<b>54,163</b>	<b>8,037</b>
<b>Street Lighting</b>	<b>2,850</b>	<b>2,472</b>	<b>378</b>
<b>Total Public Safety</b>	<b>1,172,955</b>	<b>967,345</b>	<b>205,610</b>
<b>Highways &amp; Streets</b>			
Chloride	18,000	17,842	158
Road Maintenance	16,500	19,525	(3,025)
Debt Service - Principle	37,150	50,000	(12,850)
Debt Service - Interest	0	19,775	(19,775)
<b>Total Highways &amp; Streets</b>	<b>71,650</b>	<b>107,142</b>	<b>(19,775)</b>
<b>Total Expenditures</b>	<b>1,765,350</b>	<b>1,560,069</b>	<b>205,281</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>52,297</b>	<b>75,527</b>	<b>23,230</b>
<b>Fund Balance - April 1, 2003</b>	<b>0</b>	<b>1,445,565</b>	<b>1,445,565</b>
<b>Fund Balance - March 31, 2004</b>	<b>\$ 52,297</b>	<b>\$ 1,521,092</b>	<b>\$ 1,468,795</b>

**Township of Metamora**  
Combined Statement of Revenues, Expenditures  
And Changes in Fund Balance  
Actual Compared to Budget - Building Fund  
For Year Ended March 31, 2004

	Amended Budget	Actual	Over (Under) Budget
<b><u>Revenues</u></b>			
Licenses & Permits	\$ 59,800	\$ 57,410	\$ (2,390)
Interest	800	232	(568)
Miscellaneous	13,400	10,270	(3,130)
<b><u>Total Revenues</u></b>	<u>74,000</u>	<u>67,912</u>	<u>(6,088)</u>
<b><u>Expenditures</u></b>			
Building Inspector:			
Wages, FICA, & Pension	25,000	22,769	2,231
Insurance	28,400	21,737	6,663
Office Supplies	1,150	891	259
Computer Supplies	600	530	70
Conferences & Workshops	1,200	1,170	30
Memberships & Dues	250	150	100
Milcage	300	337	(37)
	<u>56,900</u>	<u>47,584</u>	<u>9,316</u>
Electrical Inspector:			
Wages, FICA, & Pension	5,500	4,967	533
Supplies	50	0	50
Memberships & Dues	50	185	(135)
Conferenees & Workshops	50	0	50
	<u>5,650</u>	<u>5,152</u>	<u>498</u>
Plumbing Inspector:			
Wages, FICA, & Pension	5,000	4,200	800
Miscellaneous	400	0	400
	<u>5,400</u>	<u>4,200</u>	<u>1,200</u>
Mechanical Inspector:			
Wages, FICA, & Pension	6,000	4,200	1,800
Supplies	50	0	50
	<u>6,050</u>	<u>4,200</u>	<u>1,850</u>
<b><u>Total Expenditures</u></b>	<u>74,000</u>	<u>61,136</u>	<u>12,864</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<u>0</u>	<u>6,776</u>	<u>6,776</u>
<b><u>Fund Balances - April 1, 2003</u></b>	<u>0</u>	<u>8,231</u>	<u>8,231</u>
<b><u>Fund Balances - March 31, 2004</u></b>	<u>\$ 0</u>	<u>\$ 15,007</u>	<u>\$ 15,007</u>

# Township of Metamora

Lapeer County, Michigan

Detail of Indebtedness

For The Year Ended March 31, 2004

	Date of Issuance	Amount of Issuance	Interest Rate	Date of Maturity	Amount of		Balance Remaining
					Annual Maturity 3/31/04	Annual Interest Payment	
Land Contract Payable - Bank	6/16/00	\$ 539,500	3.95%	06/16/04	\$ 57,100	\$ 15,681	\$ 339,892
				06/16/05	59,354	13,426	280,538
				06/16/06	61,700	11,081	218,838
				06/16/07	64,137	8,644	154,701
				06/16/08	66,670	6,111	88,031
				06/16/09	69,303	3,477	18,728
				06/16/10	18,728	740	0
					<u>\$ 396,992</u>	<u>\$ 59,160</u>	

# Township of Metamora

Lapeer County, Michigan

Detail of Indebtedness

For The Year Ended March 31, 2004

Bond Issue - Lapeer Co. Road Commission				Amount of			Annual		Balance	
Date of Issuance	Amount of Issuance	Interest Rate	Date of Maturity	\$	Annual Maturity 3/31/04	\$	Interest Payment	\$	Remaining	
02/11/02	\$ 500,000	Variable	08/01/04	\$ 50,000	0	8,875		350,000		
		Variable	02/01/05	0	50,000	7,750		350,000		
		Variable	08/01/05	0	0	7,750		300,000		
		Variable	02/01/06	0	0	6,625		300,000		
		Variable	08/01/06	0	50,000	6,625		250,000		
		Variable	02/01/07	0	0	5,500		250,000		
		Variable	08/01/07	0	50,000	5,500		200,000		
		Variable	02/01/08	0	0	4,375		200,000		
		Variable	08/01/08	0	50,000	4,375		150,000		
		Variable	02/01/09	0	0	3,338		150,000		
		Variable	08/01/09	0	50,000	3,338		100,000		
		Variable	02/01/10	0	0	2,262		100,000		
		Variable	08/01/10	0	50,000	2,262		50,000		
		Variable	02/01/11	0	0	1,150		50,000		
		Variable	08/01/11	50,000	0	1,150		0		
				<u>\$ 400,000</u>		<u>\$ 70,875</u>				



# Township of Metamora

Lapeer County, Michigan

Detail of Indebtedness

For The Year Ended March 31, 2004

	Date of Issuance	Amount of Issuance	Interest Rate	Date of Maturity	Amount of		Balance Remaining
					Annual Maturity 3/31/04	Annual Interest Payment	
Installment Loan - Lapeer County Bank & Trust							
	06/02/03	\$ 200,000	3.10%	08/01/04	\$ 26,026	\$ 6,200	\$ 173,974
			3.10%	08/01/05	26,833	5,393	147,141
			3.10%	08/01/06	27,665	4,561	119,476
			3.10%	08/01/07	28,523	3,703	90,953
			3.10%	08/01/08	29,406	2,820	61,547
			3.10%	08/01/09	30,319	1,907	31,228
			3.10%	08/01/10	31,228	968	0
					<u>\$ 200,000</u>	<u>\$ 25,552</u>	

**LEHN L. KING**  
CERTIFIED PUBLIC ACCOUNTANT

3078 S. MAIN STREET  
MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

May 21, 2004

Members of the Township Board  
**Metamora Township**  
Lapeer County, Michigan

Board Members:

In accordance with your request, I have made an examination of the financial statements of Metamora Township for the fiscal year ended March 31, 2004. During the course of my examination, certain items came to my attention on which I would like to comment and offer my recommendations.

- 1.) The following item regarding the General Ledger came to my attention during the process of the audit. To facilitate internal control for the Building Department receipts, it is my recommendation that the deposits recorded in the Treasurer's books be documented so that they can readably be traced to the monies collected and recorded in the Clerk's office. A person should be able to go from the monies receipted by the Clerk's office to the entries made to the Quickbooks general ledger.
- 2.) GASB 34 states that the financial reporting format must be revised for Governmental Units. Metamora will need to comply with GASB 34 for the audit year ending March 31, 2005. The main item of concern for the Township is to develop a Fixed Asset listing that will satisfy the requirements of GASB 34.

From an overall standpoint, the Township records are in very good order. The Clerk & Treasurer are doing an outstanding job in keeping the financial books and records of the Township.

I thank the Township officials for the cooperation I received in the completion of this audit. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

*Lehn King*

Lehn L. King, C.P.A.